

RESOLUTION NO. 2011-28

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO GROUND LEASE, A LEASE AGREEMENT, A TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE AGREEMENT AND AN ESCROW TRUST AGREEMENT; APPROVING THE SALE AND EXECUTION AND DELIVERY OF CITY OF SEDONA, ARIZONA EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2012, EVIDENCING PROPORTIONATE INTERESTS OF THE OWNERS THEREOF IN THE AFOREMENTIONED LEASE AGREEMENT; APPROVING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO SUCH OBLIGATIONS AND AUTHORIZING THE FINALIZATION, EXECUTION AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO SUCH OBLIGATIONS; PRESCRIBING CERTAIN TERMS AND CONDITIONS FOR THE SALE OF SUCH OBLIGATIONS INCLUDING THE DELEGATION TO THE CITY MANAGER OF THE CITY OF THE AUTHORITY TO DESIGNATE THE FINAL PRINCIPAL AMOUNT, MATURITIES, INTEREST RATES AND OTHER MATTERS WITH RESPECT TO SUCH OBLIGATIONS AND WITH RESPECT TO THE OBLIGATIONS BEING REFUNDED DESCRIBED HEREIN; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY

WHEREAS, the Mayor and Council of the City of Sedona, Arizona (the "City"), (i) is desirous of refinancing its obligations with respect to all or a portion of the remaining, outstanding Sedona Wastewater Municipal Property Corporation Excise Tax Revenue Bonds, Series 1998 (the "Obligations Being Refunded"), through the sale and execution and delivery of City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2012, to be dated as provided herein (the "Obligations"), by a bank to be appointed by the City, as trustee (the "Trustee"), evidencing proportionate interests of the owners thereof in the lease payments and prepayments to be made pursuant to a Lease Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Lease"), by and between the City and the same bank appointed by the City to be the Trustee (in its separate capacity as lessor, the "Association"), pursuant to a Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Trust Agreement"), by and among the Trustee, the City and the Association and (ii) hereby find and determine that refunding the Obligations Being Refunded pursuant to the terms of the Lease and the Trust Agreement is in furtherance of the purposes of the City and in the public interest; and

WHEREAS, RBC Capital Markets, LLC (the "Original Purchaser") will submit a proposal to purchase the Obligations pursuant to an Obligation Purchase Agreement, to be dated the date of sale of the Obligations (the "Purchase Contract"), by and between the City and the Original Purchaser; and

WHEREAS, there have been presented to the Mayor and Council of the City at the meeting at which this Resolution was considered (i) the proposed form of the Second Amendment to Ground Lease, to be dated as of the first day of the month of the dated date of the Obligations (the "Ground Lease"), by and between the City and the Association; (ii) the proposed form of the Lease; (iii) the proposed form of the Trust

Agreement; (iv) the proposed form of the Escrow Trust Agreement, to be dated as of the first day of the month of dated date of the Obligations (the "Escrow Trust Agreement"), by and between the City and U.S. Bank National Association (the "Escrow Trustee") providing for the defeasance of the Obligations Being Refunded; (v) the proposed form of the Purchase Contract; (vi) the proposed form of the Continuing Disclosure Undertaking, to be dated the same day as execution and delivery of the Obligations (the "Continuing Disclosure Undertaking"), with respect to the Obligations, from the City and (vii) the proposed form of the Preliminary Official Statement, to be dated the date of the mailing thereof (the "Preliminary Official Statement"), with respect to the Obligations;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, THAT:

Section 1. The execution and delivery of the Obligations as hereinafter described by the Trustee is hereby approved. The City Manager of the City is hereby authorized and directed to determine on behalf of the City: (1) the dated date and total principal amount of the Obligations; (2) the final principal and maturity schedule of the Obligations (the final maturity to be not later than July 1, 2027); (3) the interest rate on each maturity of the Obligations and the dates for payment of such interest; (4) the provisions for redemption in advance of maturity of the Obligations; (5) the maturity dates and principal amounts of the Obligations Being Refunded and the provisions for redemption thereof; (6) the sales date, sales price and other sales terms of the Obligations (including for original issue discount and premium and underwriting compensation) and (7) the provisions for credit enhancement, if any, for, the Obligations upon the advice of the Original Purchaser; provided that the Obligations shall only be sold and executed and delivered if the same shall result in a present value debt service savings, net of all costs associated with the issuance of the Obligations and based on the determinations described in clause (5) hereof, of not less than two percent (2%) of the Obligations Being Refunded as a result of such determinations. Otherwise, the forms, terms and provisions of the Obligations and the provisions for the signatures, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Trust Agreement and are hereby approved.

Section 2. (a) The Purchase Contract is hereby approved, and the Mayor or any other member of the Council of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute, and the Clerk of the City to attest and deliver to the Original Purchaser, the Purchase Contract, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) The form, terms and provisions of the Ground Lease, the Lease, the Trust Agreement, the Escrow Trust Agreement and the Continuing Disclosure Undertaking, in substantially the proposed forms of such documents (including the exhibits thereto), presented at the meeting at which this Resolution was adopted and on file with the Clerk of the City, are hereby approved, with such insertions, omissions and changes as shall be approved by the Mayor of the City, the execution of such documents being conclusive evidence of such approval, and the Mayor of the City is hereby authorized and directed, for and in the name and on behalf of the City to execute, and the Clerk of the City to attest and deliver, the Ground Lease, the Lease, the Trust Agreement, the Escrow Trust Agreement and the Continuing Disclosure Undertaking as well as any other documents necessary to accomplish the purposes hereof. (The City Manager of the City is hereby authorized and directed to determine on behalf of the City the bank to act as the Trustee.)

Section 3. (a) (i) The Preliminary Official Statement is hereby approved. The use by the Original Purchaser of the Preliminary Official Statement is also hereby approved. As to be provided in the Purchase Contract, the Preliminary Official Statement shall be deemed to be final by the City as authorized by the City Manager of the City within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

(ii) The City Manager of the City is authorized to prepare or cause to be prepared, and the Mayor of the City and the City Manager of the City are authorized and directed to approve and execute, on behalf of the City, a Final Official Statement for use in connection with the offering and sale of the Obligations. The execution of such Final Official Statement by the Mayor of the City and the City Manager of the City shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the City and that such Final Official Statement is final for all purposes.

(b) (i) Subject to annual appropriation to cover the costs of preparing and mailing as necessary therefor, the City shall comply with and carry out all the provisions of the Continuing Disclosure Undertaking for purposes of the Rule.

(ii) This Subsection shall constitute a contract between the City and certain owners of the Obligations as described in the Continuing Disclosure Undertaking.

(iii) In the event of a failure of the City to comply with the provisions of this Section, certain owners of the Obligations described in the Continuing Disclosure Undertaking may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section. A default under this Section shall not be deemed an event of default for other purposes of this Resolution, the Ground Lease, the Lease, the Trust Agreement or the Escrow Trust Agreement, and the sole remedy under this Section in the event of any failure of the City to comply with this Section shall be an action to compel performance.

Section 4. The Trustee, including in its capacity as the Association, and the Escrow Trustee, are hereby requested to take any and all action necessary in connection with the execution and delivery of the Ground Lease, the Lease, the Trust Agreement, the Escrow Trust Agreement and the Purchase Contract and the sale and execution and delivery of the Obligations.

Section 5. (a) The obligation of the City to make the Lease Payments (as such term is defined in the Lease) does not constitute a general obligation of the City, the State of Arizona or any political subdivision thereof for which the City, the State of Arizona or any political subdivision thereof is obligated to levy or pledge any form of *ad valorem* property taxation nor does the obligation to make Lease Payments under the Lease constitute a general obligation of the City, the State of Arizona or any political subdivision thereof within the meaning of the Constitution of the State of Arizona, statutes thereof or otherwise.

(b) To secure the payment of the Lease Payments, there is hereby pledged for the payment thereof, under the terms and conditions described in the Lease, all Excise Taxes (as such term is defined in the Lease).

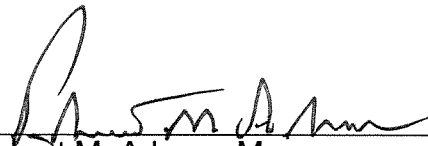
Section 6. (a) If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

(b) After any of the Obligations are delivered by the Trustee to the Original Purchaser thereof upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligations and the interest thereon shall have been fully paid, cancelled and discharged.

(c) All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

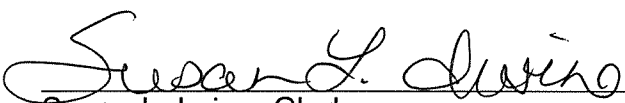
Section 7. The immediate operation of this Resolution is necessary for the preservation of the public health and welfare, specifically to preserve the ability to refinance the Obligations Being Refunded on the most economical terms for the City; an emergency is hereby declared to exist; and this Resolution shall be in full force and effect from and after its passage and approval by the Mayor and Council of the City, as required by law. As such, this Resolution is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED this 13th day of December, 2011.



Robert M. Adams, Mayor
City of Sedona, Arizona

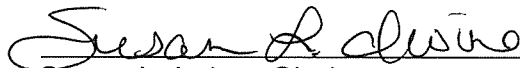
ATTEST:



Susan L. Irvine, Clerk
City of Sedona, Arizona

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2011-28 was duly passed and adopted by the Mayor and Council of the City of Sedona, Arizona, at a regular meeting held on December 13, 2011, that the vote thereon was seven (7) ayes, zero (0) nays, that the Mayor and 5 Council members were present thereat and that such meeting was called and held pursuant to law.


Susan L. Irvine, Clerk
City of Sedona, Arizona